

MEMO FROM  
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TO:  
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Thank you for your comments.

I have been surprised too at how little has been written about insurance & tort-liability as a mechanism of social-engineering. Ken Arrow (now at Harvard, and as you know one of the country's leading economists) recently wrote a short book on 'risk' where he comments that this is a totally unexplored field as far as his discipline is concerned -- and proceeds to build what I must comment is a totally inadequate model.

I do have a few more references that I am in the midst of reading now; and Chauncey Starr is leading a study for the NAE on risk assessment (that is faulted by ignoring the cost of ignorance and uncertainty.)

I think that Massachusetts is (nearly?) unique in having a flatly compulsory insurance law. I do remember reading some discussion years ago that this would require excessive regulation of the insurance industry with the kind of restriction you mention. I will have to look into the companies' freedom of judgment in other states -- but I note that discriminatory rates are being set up in some circumstances.

Throw me any more lumens you might find, and I will be grateful.

Sincerely,



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Enc: From letter